

Accounting : As a Profession In Modern Perspective– Is it a Neglected Profession Now a Days?

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Abstract: This paper is an attempt to identify the problems, prospects and challenges the accounting profession faces in present time due to advancement in modern day commerce and technology and newer requirements of the end users of accounting information. It is high time for the professional accountants to dress up in newer uniforms and enable themselves in advanced armaments to fight the cross professional challenges in the wake of the new century.

Keywords: Standard Operating Procedures (SOP); Terms of Reference (TOR); Direct Execution (DEX) Projects; National Execution (NEX) Projects; Management Information System(MIS) ; Accounting Information System (AIS), Strength, Weaknesses, Opportunities & Threat (SWOT) Analysis.

Introduction

Although accounting is a very old field of knowledge and practice, modern accounting evolved as a profession with Luca Pacioli, the Italian Genius's formulation of modern accounting theory in the late 15th century. Since then it has gone through a numerous evolutions and branching in the forms of Financial Accounting, Cost Accounting, Management Accounting etc.

In modern day, financial accounting acts side by side with various branches of accounting like Management Accounting and branches of Finance like Financial Management in service oriented organizations and Cost Accounting, Management Accounting and Financial Management in manufacturing concerns. Basic financial activities like Budgeting, Banking, Financial Analysis etc. have also somehow merged with accounts related activities. Thus accounting has lost to some extent its unique identity as a "Language of Business" and has merged with areas of knowledge like Finance and Information Technology. The requirements of modern day business is no more limited to traditional basic financial statements like Profit and Loss Account and Balance Sheet. Modern day Accounts Managers are required to produce various analytical reports like profitability and returns from various angels like Return on Investment, Rate of Fixed and Variable Overhead per unit of production, Contribution per unit of Sale, Computation of Standard Costs, various types of Variance Analysis Reports, Inventory Pricing and Valuation etc. Financial Management, on the other hand, plays vital roles in Budgeting, Forecasting of Income and Expenditure, Banking Operations like L/C operations, Cash Flow Management,

Equity and Leverage Management, Management of Debtors and Creditors, Capital Budgeting and Investment decisions.

Now the vital question is what is the typical role of a so-called " Accountant " in present day context ? Is s/he a traditional book keeper or an analyzer of business accounting information ? Or an interpreter of commercial trends through various form of reporting ? Is s/he supposed to concentrate on financing of business operations ? Or s/he should have an inclination for budgeting and follow-up budget variances and analysis ? Although it is true that all of them are the jobs of an accountant,, they are not all required or effective in all sorts of business operations. For instance, L/C operations are typical in export and import related businesses. It is seldom required in local trade operations. Budgeting and banking are, on the other hand, essential in any sort of organization, whether commercial or developmental. Modern accounts or finance managers are expected to act more as an aid to senior management through all specialized activities of finance and accounts in a computerized IT based environment. Apart from all sort of weekly, monthly, quarterly, half yearly or yearly reporting, they are required to produce from time to time various ad hoc reports depending on demands of the senior management, external parties like government, donor agencies, business partners etc. Now the demand ranges from routine to at times intensive. It certainly demands specialization, practice and certain level of work experience depending on the level of operation of any particular organization. An accounts or finance executive is not expected to perform all activities efficiently which are normally supposed to be done by an accounts or finance manager. There is necessarily a division of labor or a classification of activities in any

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organization, big or small, which are required to be performed by various levels of executives. But unfortunately, this matrix is not simple. In government organizations and almost all international developmental organizations or large multinational conglomerates and also in many local large commercial houses there are preset or pre designed so-called "Standard Operating Procedures" (SOPs) designed by highly qualified professional experts. In international development bodies like the UN organizations, World Bank, ADB, USAID etc. there are so-called "Terms of Reference" (TOR) of each individual position within the organization which is a typical job description of that particular position. This is the usual scope of work that a particular person in a particular position is required to perform.

Although in practice, it is not possible to stick for a person cent per cent to that guideline (the reason for which is again debatable), This deviation from TOR results ultimately at times in adverse situations like interpersonal clash and such. Advancement in modern technology has further complicated this situation.

A Case Study

CHTDF Project of the UNDP Bangladesh : a brief case study : UNDP Bangladesh has over thirty running projects in the country at the moment. These projects are divided into two main categories depending on their mode of operation, viz., NEX or National Execution Projects and DEX or Direct Execution Projects. The NEX projects are executed by the counterpart ministry or government agencies and financed by the UNDP. DEX projects, on the other hand, are executed directly by the UNDP and financed by it with a consortium of donors which is again coordinated by the UNDP. Promotion of Economic Development and Confidence Building in the Chittagong Hill Tracts Area and popularly known as the Chittagong Hill Tracts Development Facilities (CHTDF) is a unique project of the UNDP Bangladesh in a sense that it is the only DEX project at the moment. It is a \$50 millions project with a duration of seven years. Starting in early 2003, it went through a pilot period of little over 2 years upto June 2006. The project is expected to last till September 2009. It is quite a sizable project being financed by the UNDP and a consortium of donors, the lead donor being the European Union. Major components of the project are focused on the three hill districts of Rangamati, Bandarban and Khagrachari with target objectives of i) Institutional Capacity Building in the Chittagong Hill Tracts region ii) Community Empowerment iii) Confidence Building among the inhabitants of the region iv) Economic Opportunities Development and Education in the area and lastly v) Health Care Services.

With over four years gone on the project, its overall implementation of target objectives is satisfactory on an average with sizable

progress in the areas of Institutional Capacity Building, Community Empowerment and Health Services. Progress on the remaining two areas are yet to get momentum due to various reasons.

The programme areas of the project are sufficiently backed up by professional and qualified personnel keeping in pace with UN global standards and at par with other International Development and / or Donor Agencies. As far as the operations side is concerned, it also maintains a sufficient level of professionalism and expertise required from the personnel deployed in various operations areas. Nevertheless, one area in the operations which still requires further attention is Accounts and Finance. In my opinion, it is not an isolated case with the CHTDF project of the UNDP Bangladesh, but can be summarized as a general picture in UNDP Bangladesh. But to do justice to my profession or area of specialization, I would rather say that this is a general issue globally as far as I have seen over the last twenty two years of work in home and abroad in organizations ranging from Private Limited Companies, Group of Companies, Donor Agencies, Donor Funded Projects and so on and so forth. Almost everywhere I have noticed that Finance specially Accounts is staggering to prove its identity as well as importance in successful business operations. But most of the time, it is not being paid due attention by the management or the core decision makers. Now it may be questioned why this lack of attention is there – is it due to some sort of weakness in the people in accounts and finance in projecting themselves or the gravity and volume of work involved in their area? Or is it due to some lack of professionalism in the accounts personnel? Or has the accounting profession lost its ages old image or identity as a distinctly specialized area of business operation? To tell you frankly, I have noticed the existence of above debatable issues in CHTDF project of the UNDP Bangladesh as I have noticed them elsewhere also only in varying degrees. As this is a DEX project, entire finance and accounts operations of the project are centered in the head office in the IDB Bhaban 7th floor. All fund receipts and payments are controlled here by only two personnel – a finance & Admin. Officer with the assistance of a Finance Assistant. The Finance & Admin. Officer is basically entrusted with all finance and accounts related matters. Although, this position is a supervisory one, he is required to go through matters like bill preparation, checking, getting approvals on them, regular fund disbursement to the field offices. He has to collect monthly expenditure reports from the field offices, scrutinize them and pass entries based on them in the global UNDP accounting software named "ATLAS". This software was recently introduced in UNDP Bangladesh to replace the previous software named "FIM". This transition was done hurriedly and was not fine tuned to meet the sophisticated information requirements of the project. As a result, the reports obtained from ATLAS were infected with errors and the reports ultimately were not very informative or useful and needed

frequent and extensive checking and rechecking. A major reason for this was that accounts personnel were provided with inadequate training on the software which is required to run a software like ATLAS being used by UNDP globally and whose results are ultimately consolidated in the UN Headquarters in New York. Now, it can be easily guessed that any mistake done in a terminal in Dhaka could give disastrously vague information at the other end of the world. Consequently, frequent quarries on anomalies in figures and reports keep coming from New York. The question is how far can the accounts personnel in Dhaka can be held responsible for this? Over and above, the Finance & Admin. Officer in CHTDF is required to oversee administrative, human resource and even logistical issues also. So s/he can seldom concentrate on any particular area. At the end of the day, it is sometimes found that his vital jobs like internal and external financial reporting are undone or not done properly and accurately, his budgeting work is unfinished and so on. Although they have been reported to the management a several times during my tenure, proper guidance or solution were not provided. This again raises the question like "Are the accounts personnel properly facilitated for smooth operation or do they get due recognition from the management for the specialized nature of their job? Or is it a neglected sector like elsewhere in the business community of the country? At times, in many private organizations, questions are asked like "Why their are so many people in Accounts Section?" Or "Why should we invest so much on computerization of accounts department?" What is the result or benefit?"

Now, if we try to find answers to the aforementioned three questions, we will have to probably go through an approach which is rather diagnostic in nature – a diagnosis of the modern information needs and trend of its flow.

It Based Accounting System

Information needs of modern day global commercial and economic arena has reached a stage where there is an ever increasing need of faster and free flow of information across the borders – thanks to the ever improving technology over the last fifty years. Now it takes at times a fraction of a second to reach some information to the other end of the globe. This speedy flow of information has certainly raised the dimensions of the demands of the beneficiaries or users of the information. Now a days, if you are asked to provide a cash flow scenario of your organization to some external user, local or foreign, the next moment s/he might throw you another question on it or a requisition to produce it in another format more analytical which is deemed to be more useful by him/her. So an Accounts Manager has to be prepared to think and produce multidimensional information statements matching the requirements of the end user and, of course, within very short intervals. The Accounts Manager

gentleman/ madam now a days should never expect that s/he will be provided with sufficient time to produce it according to his/her need of time requirements. At the other end of the information super highway, somebody may be anxiously waiting or even spending a sleepless night for that information to place an import order after getting that particular piece of information. So, the clock is always ticking! We have to match our pace of providing information with that and if necessary within the blink of an eye.

Fashion is changing everywhere very fast. Ten years ago, we used to hear every now and then the existence of a word called "MIS" or "Management Information System." "AIS" or "Accounting Information System" also existed as a part of this "MIS". Now they are seldom heard as it is argued by many that why it should be a tool especially for the management only? It should rather be of use to other interested parties also apart from the management. With this argument and with fast advancement in information technology, now financial information needs are multidimensional and it knows no boundaries. All section of users from micro to macro level and from national to international level are demanding more and more transparent and fast moving financial information. Now, in fact, it has been a matter of interest to Engineers, to Architects, To Physicians and virtually to people of all walk of life. Some professionals (frantically a large number of technical people like engineers) are even going to the extent of arguing or at least questioning that should accountants be the sole distributors of financial information in this day of mergers and globalization? I have seen some engineers specially the ones with a supplementary degree like MBA thinking or even challenging professional accountants in their job of providing financial information. Well, by virtue of inborn talent or expertise, if an engineer can provide financial information in a better style or manner or more speedily, welcome Mr. Engineer (s) to compete with the Accountants in this field! But the vital question still remains - in this age of specialization is an engineer really technically sound to provide financial information in a style better and faster than the professional accountants? The straight cut answer should be 'NO'. But if somebody wants to wrestle over this issue with the help of others, then it is a different issue.

So, Mr. Accountant or Madam Accounts Manager or Senior Accountant or Financial Analyst whatever portfolio you or we are using, let us be on guard against any intrusion from other professions. Best tool to equip ourselves with will obviously be computerized and internet based information technology. As some engineer or any body whosoever might gain some edge over you from that corner and say "look here, I am a better information provider". though s/he might not be strong in his/her grip of financial matters. All this requires to end this debate on who is a better financial information provider is to sharpen our teeth of knowledge of IT.



Accountants' role has truly changed in these days as the learned professor of accounting of Punjab University in Lahore, Pakistan Dr. Khawaja Amjad Sayeed said recently in an international conference in Dhaka on Transparency, Accountability and the Accountant – "An Accountant's role has changed from that of a score keeper to a player in the field." So, in a match of providing soft and hard copies of accounting and financial information, we must always be ready to face competition from all directions. This requires a merger of Accounting and Finance at the first place and then a reasonably high degree of IT knowledge. To reach greater heights in career, a management accountant has to be proactive and a good team player also – qualities which can be earned by culture also as practice makes a man perfect. To counter the cross professional attacks or threats from other professions, a professional accountant should also groom himself/herself in achieving time bound targets and be ready to provide faster / speedier financial information needs within or outside the organization and always try to improve performance through practice, training and healthy competition. But personality clash, which is widespread now a days in many organizations, should be avoided at any cost for mutual benefits as well as to reach the organizational common goals and targets.

Conclusion

Accounting is going through rapid changes and facing newer challenges in modern time to meet ever growing requirements of the business community. The professional accountants should be ready on their part to meet these challenges or they might lose shares of the market or somebody else might overtake them in the name of providing better services. Although, the challenges might

not go too far in their pursuit of harming the professional image and goodwill of the accountants as the challengers are seldom equipped with the expertise the accountants are, they might certainly harm the accountants by interrupting in their job and creating unwholesome environment. By the time the senior management of the organizations get smart enough to detect these bugs and take counter measures to overcome the bottle necks and nuisances that they might create to protect the interest of the organization, they might do sizable harm to the accountants and ultimately to the interest of the organization. So, let us be on alert against bugs and try our level best to achieve excellence in our profession and try to maintain a distinct character of professional accounting! We are not IT experts, we are not technical people like the engineers rather we are experts on accounting and financial matters. Neglected or not, the accountability is highest here in accounting profession – accountability to management, to shareholders or stakeholders, even to employees, to government agencies, to auditors and so on and so forth. Let us do a Strength, Weaknesses, Opportunities and Threat (SWOT) analysis of accounting profession in the light of newer requirements in trade and commerce and try to meet the newer challenges of the present day and think in newer ways for the future for better performance, flourishing and prosperity both in micro and macro levels. □

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**"The hardest crossword puzzle to solve is the one in which we have penciled in a wrong word and are too stubborn or fixated to erase it; in much the same way, it is often easier to solve a problem when you are merely ignorant than when you are wrong."
– Sidney J. Harris**